

**BY ORDER OF THE COMMANDER  
AIR FORCE SPACE COMMAND**



**AIR FORCE SPACE COMMAND  
INSTRUCTION 65-602**

**2 DECEMBER 1997**

**Financial Management**

**COMMAND FINANCIAL MANAGEMENT  
PROCEDURES**

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This instruction implements AFPD65-6, Budget, and establishes financial management procedures for resource management. AFI65-601V2, Budget Management for Operations, 21 Oct 94, was also used as a basis for this instruction. It applies to the HQ Air Force Space Command (AFSPC) staff and subordinate units. It does not apply to Air National Guard nor Air Force Reserve.

### **SUMMARY OF REVISIONS**

The revision of this publication is to meet the format standards required by Air Force. No content material has changed. Some required format changes have been made to allow for the conversion process.

## **1. Financial Management Philosophy:**

**1.1. Air Force Philosophy.** Air Force commanders and managers are charged with using their organizations' appropriated funds legally, effectively, and efficiently. Regardless of the level of centralization, operating level managers should be directly involved in and responsible for management of the resources used. Commanders at all levels must establish and maintain financial management structures to determine funding priorities, to approve financial plans, and to ensure that funding resources are allocated and executed legally, effectively and efficiently.

**1.2. Air Force Space Command Philosophy.** AFSPC strives to achieve a balance between support to our direct mission and quality of life for our people. We need to provide the quality of life necessary to retain our people, sustain their morale and ensure their continued productivity. Because of significant reductions in defense funding and continuing emphasis on fraud, waste and abuse, AFSPC managers must make financial management a part of their everyday activity.

**2. Organization.** In financial management, the corporate organizational approach has proven to be the most effective in achieving a balanced application of resources. Generally, funds furnished to the Command do not satisfy total requirements. Decisions to reduce, defer, or eliminate programs or establish priorities in order to accomplish the overall mission require the combined efforts of the commander and

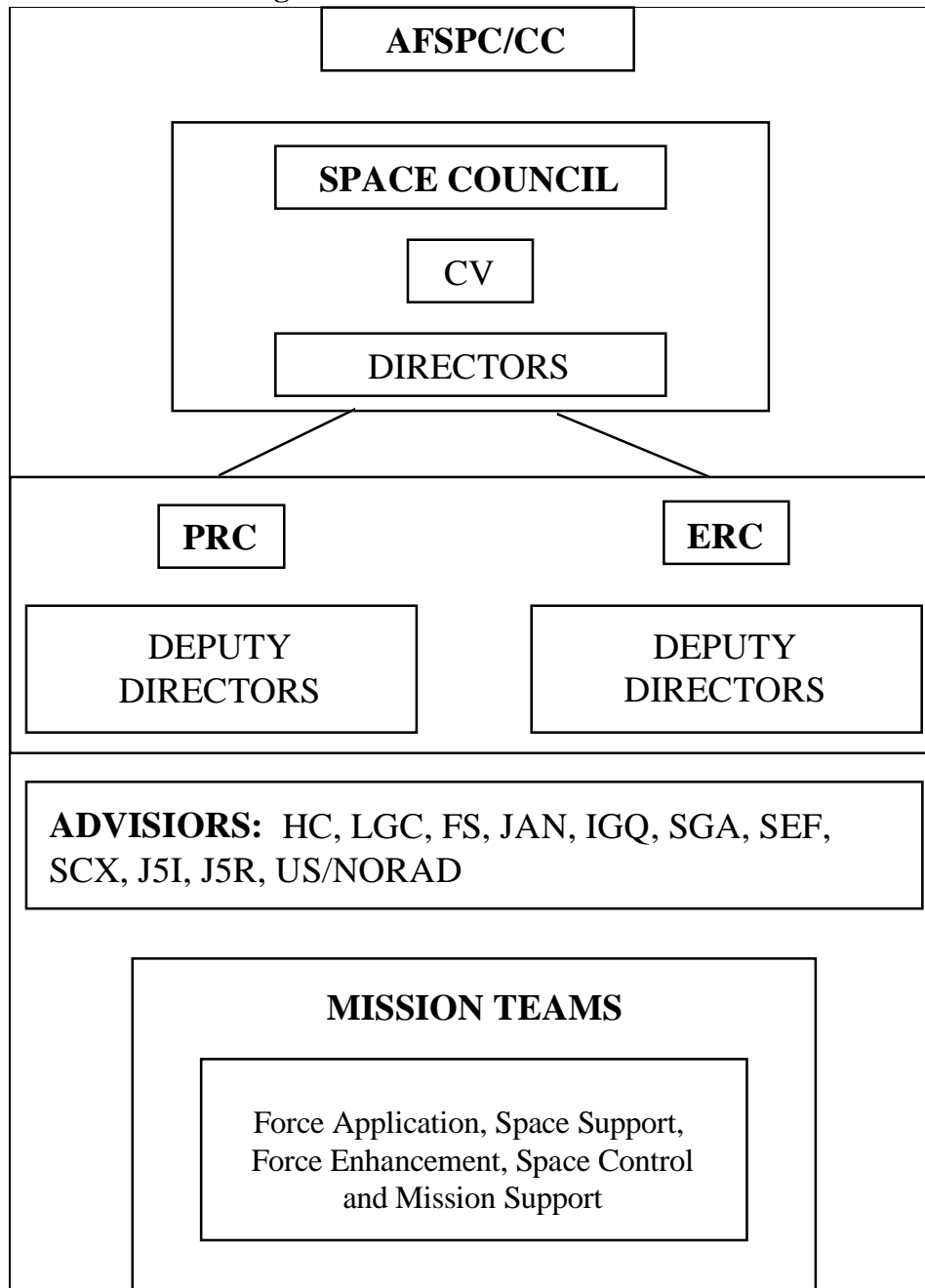
supporting staff. To provide the basis for resource management, a formal financial management structure has been established. The HQ AFSPC financial management structure is diagrammed in **Figure 1**. The process flow is generally from bottom to top for recommended actions and top to bottom for approved actions.

**2.1. Air Force Space Command (AFSPC) Council.** The AFSPC Council is chaired by the Vice-Commander and along with program responsibilities, meets to consider budget year and current year AFSPC funding, execution and review major staff projects. It strives to achieve a command-wide balanced funding program that best utilizes available financial resources. It reviews Execution Review Committee (ERC) recommendations and prepares financial proposals for AFSPC/CC. (See **Figure 2**.)

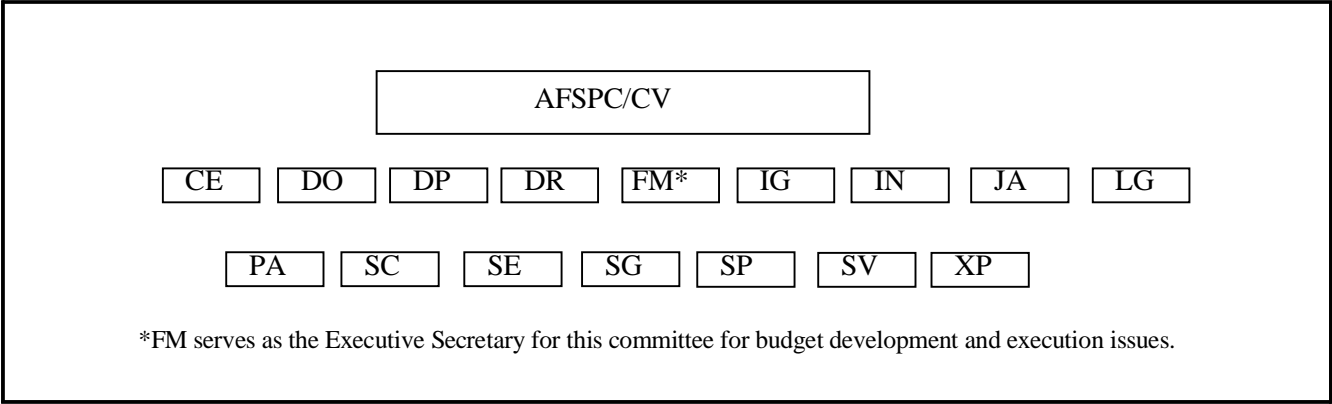
2.1.1. Chairperson. Presides over the AFSPC Council, approves the agenda and provides policy and guidance for the effective operation of the council.

2.1.2. Members. Members are responsible for sustaining oversight on programs which fall within their purview, i.e. Program Element Monitor (PEM) or command management responsibilities lie with their personnel. They must also prepare, present and/or arrange for briefings or reports as required.

**Figure 1. AFSPC Financial Management Structure.**



**Figure 2. AFSPC Council Structure.**



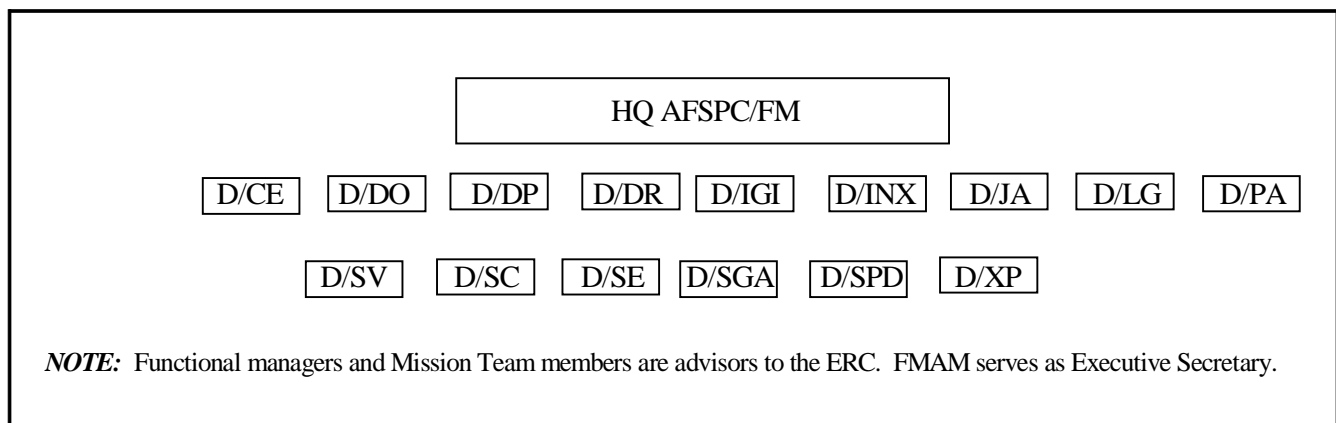
**2.1.3. Executive Secretary:**

- 2.1.3.1. Maintains a current roster of members’ names, office symbols and telephone numbers.
- 2.1.3.2. Organizes, schedules and coordinates all aspects of the AFSPC Council meetings convened to discuss budget development and execution issues.
- 2.1.3.3. Proposes an agenda for the chairperson’s approval.
- 2.1.3.4. Prebriefs the chairperson on major budget related issues and proposed subjects for discussion.
- 2.1.3.5. Prepares and signs the AFSPC Council minutes if there are any open action items and monitors follow-up actions.

**2.2. Program Review Committee (PRC).** The PRC is comprised of HQ AFSPC deputy directors and is chaired by HQ AFSPC/XP. The PRC reviews and integrates program option proposals forwarded by Mission Teams. This committee is responsible for approving and reviewing program changes in out year funding requirements and is not directly involved in current year financial management or execution.

**2.3. Execution Review Committee (ERC).** The ERC is comprised of HQ AFSPC deputy directors and is chaired by HQ AFSPC/FM. The ERC makes recommendations to the AFSPC Council for the budgeting, financial planning and management of AFSPC appropriated funds. It reviews, adjusts as necessary and ranks resource recommendations in the Command’s financial plan, initial distribution, current year budget execution reviews, and year-end close-out. The ERC reviews and ranks unfunded requirements and recommends funds distribution.

**Figure 3. Execution Review Committee.**



2.3.1. Chairperson:

2.3.1.1. Convenes and presides over the ERC meetings, providing guidance necessary to ensure the effective operation of the ERC.

2.3.1.2. Approves the agenda for the meetings.

2.3.1.3. Tasks members for special briefings and reports as required to include after-action reports and briefings.

2.3.1.4. Keeps the record of ERC minutes.

2.3.1.5. Briefs the AFSPC Council on ERC recommendations and dissenting opinions.

2.3.1.6. Convenes meetings of selected members to resolve major issues and develops recommendations for the ERC, as necessary.

2.3.2. Members:

2.3.2.1. Provide HQ AFSPC/FMAM the name, office symbol and telephone number of new members.

2.3.2.2. Know the latest status of programs for which their Directorate is assigned PEM or Command management responsibilities.

2.3.2.3. Attend all meetings or appoint a representative who can act with the same authority.

2.3.2.4. Arrange for program briefings by appropriate Mission Team chief as required by the chairperson.

2.3.2.5. Follow-up on all open actions in your respective area of responsibility to ensure completion.

2.3.2.6. Pre-brief their respective AFSPC Council member on the issues, proceedings and actions of the ERC following the meeting and prior to the AFSPC Council convening.

2.3.2.7. Furnish the Chief, Financial Analysis Division with pertinent topics to be included in the Commander's Statement for the command financial plan. These topics must directly address the Command's most important issues.

2.3.3. Executive Secretary:

2.3.3.1. Maintains a current roster of members' name, office symbol and telephone number.

2.3.3.2. Organizes and coordinates ERC meetings.

2.3.3.3. Provides a proposed agenda to the chairperson.

2.3.3.4. Prepares ERC minutes if there are any open action items.

**2.4. Mission Teams.** Teams are comprised of Directorate Action Officer representatives and are an integral part of the AFSPC financial management structure. Each team chief determines the specific membership of their team; appropriate directorates, Program Element Managers (PEMs) and functional area advisors should be represented. Teams advise, develop alternatives, and recommendations on programming issues including preparing proposals for the Budget Execution Submission (BES) and Program Objective Memorandum (POM) ; however, teams have a limited role during the execution year. Their primary function during the current fiscal year is to observe wing/unit execution of O&M programs, determine if funding levels are adequate, and apply this information to resource allocation decisions in future programming and budget development exercises. The team chief is the spokesperson for the specific mission area and briefs the ERC/PRC. The team chief may request PEMs brief highly technical or complicated issues strictly on an exception basis.

**Figure 4. Mission Teams.**

MISSION SUPPORT	SPACE CONTROL	FORCE ENHANCEMENT	FORCE APPLICATION	SPACE SUPPORT
<i>Base Support</i>	<i>Space</i>	<i>Survival/Threat</i>	<i>Nuclear</i>	<i>Spacelift</i>
<i>Materiel</i>	<i>Surveillance</i>	<i>Warning</i>	<i>Deterrence</i>	<i>Satellite</i>
<i>Personnel</i>	<i>Counter Space</i>	<i>Milsatcom</i>		<i>Control</i>
<i>Medical</i>	<i>NMD</i>	<i>Navigation</i>	<i>Conventional</i>	<i>Launch</i>
<i>Civil Engineer</i>	<i>Planetary Defense</i>	<i>SWC/TENCAP BM/C2</i>	<i>Deterrence</i>	<i>Ranges</i>

**2.5. Frequency of Meetings.** Both the ERC and the AFSPC Council meet as needed to distribute funds, approve financial plans, and make mid-year and end-of-year adjustments.

### **3. Financial Management Responsibilities:**

**3.1. Director, Financial Management and Comptroller (FM).** FM has primary responsibility for ensuring timely and complete accomplishment of process tasks and goals. Accordingly, FM initiates budget formulation, facilitates and guides the process, ensures issues are resolved, and tasks personnel and agencies across the AFSPC staff as required. FM is the primary spokesperson for AFSPC on financial management issues. The FM chairs the ERC and is a member of the AFSPC Council.

#### **3.2. Chief, Financial Analysis Division (FMA):**

3.2.1. The FMA maintains policy oversight and fiscal control of all funding received by the Command for all appropriations. Funding flows from SAF/Deputy Comptroller, Budget to HQ AFSPC/FMA to field units.

3.2.2. Budget analysts develop financial plans using data provided by Program Element Monitors (PEMs) and base-level Financial Analysis Officers. Analysts prepare suggested initial distribution of funds for the ERC and AFSPC Council based on approved, funded programs identified in the Financial Plan and subsequent programmatic changes based on current Command priorities.

3.2.3. FMA analysts monitor commitment and obligation of funds and periodically provide PEMs and senior management financial status information and help analyze data.

3.2.4. FMA develops a Command unfunded priority list for all appropriations based on inputs from HQ staff, field unit Budget Execution Review submissions, and Command priorities. After approval by the ERC and AFSPC Council, the approved unfunded list serves as a distribution plan when additional funds become available.

**3.3. Functional Directorates.** The functional directorates' role in the financial management and budgeting process is two-fold. First, as a representative at the ERC and AFSPC Council, they are the primary advocate for their respective programs, keeping in mind the primary objective of the ERC and Council is to strive for balance between command programs. Second, while the PEMs are key players in the Mission Teams, their primary responsibility is to their directorate. Functional directors should maintain an active role throughout all financial management and budgeting activities including financial planning, budget execution reviews and year-end close-out.

**3.4. Program Element Monitors (PEMs).** PEMs are functional OPRs for a program element (PE) and are responsible for the review, evaluation and maintenance of all pertinent data on the programs contained in the PE.

3.4.1. PEM Designations. Each PE is assigned a PEM; the same individual may be assigned several PEs. The PEMs for mission PEs come from the staff directorate that has primary responsibility for the program. The PEMs for support-oriented PEs come from their respective functional staffs, i.e. the Directorate for Engineering and Services appoints the PEM for real property maintenance, PE 35878. FMA, in cooperation with XPPP, maintains and periodically publishes a directory of PEMs.

3.4.2. Program Advocacy. Program advocacy at MAJCOM level is the responsibility of the PEM. Each has an Air Staff counterpart who performs PEM responsibilities for their respective Air Force wide PE.

3.4.3. PEM Role in Financial Planning and Budget Execution. The PEM has primary responsibility to assign a dollar value to various components of their PE requirements.

3.4.3.1. PEMs work closely with the appropriate functional manager and FMA analysts to identify program content, requirements and funding. Inputs to the financial plan (FP) and unfunded requirement requests should reflect a coordinated PEM/FMA/functional manager position. PEMs may be asked to brief the ERC, PRC and the AFSPC Council on behalf of the Mission Team chief in order to help justify and defend funding for their programs.

3.4.3.2. PEMs maintain and analyze data on major areas of their assigned PEs such as milestones, financial data, and performance progress reports submitted by other agencies. In addition, they are responsible for validating program and cost data in the financial plan and proposed funds distribution.

3.4.3.3. PEMs should submit new tasks or efforts which arise during the execution year as unfunded requirements to the Chief, Financial Analysis Division for presentation to the ERC

and AFSPC Council. Any funds which are not used according to the financial plan must be identified to FMA and will be applied against the next highest Command unfunded requirement.

### **3.5. Functional Area Managers:**

3.5.1. Functional area management cuts across PE and organizational lines to provide support, service, advice and assistance to PEMs and Command managers in such areas as manpower and civilian personnel. Through their specialized knowledge, functional managers make sure commodity and service availability agrees with and supports mission programs.

3.5.1.1. Functional area managers use their knowledge of overall AFSPC programs and issues to evaluate financial requirements and funding levels to support requirements. They also provide guidance to the ERC and AFSPC Council on validity and relative priority of requirements. The functional area manager helps the PEM identify requirements, compute the associated funding and develop the mission impact of not funding the requirement. PEMs use this information to develop complete requirements and advocate the total program.

## **4. General Guidance/Procedures:**

**4.1. Appropriations.** AFSPC uses various appropriations to conduct the financial business of the Command.

4.1.1. Operation and Maintenance (O&M) (3400). Day-to-day operations, maintenance and support costs are funded from the O&M appropriation. This appropriation is sub-divided into four Budget Activity Codes (BAC); BAC 01, Operating Forces; BAC 02, Mobilization; BAC 03, Training and Recruiting; and BAC 04, Administration and Service-wide Activities. The Chief, Financial Analysis Division (FMA) is the focal point for these funds.

4.1.1.1. Financial Plan (FP). The FP describes the Command's financial requirements in light of the funding included in the President's Budget. It presents AFSPC's plan to use the funds tentatively allocated to us for the next fiscal year. Command preparation starts in March for final submission to the Air Staff in May.

4.1.1.1.1. Process. Wing/unit Financial Analysis Offices prepare FPs for submission to HQ AFSPC/FMA in February. Base Comptrollers or Financial Analysis Offices present their FPs to HQ AFSPC staff councils in March. Following receipt of Wing inputs, HQ AFSPC/FMA will develop strawman "bogeys" for each PE exclusive of centrally managed commodities. Mission Teams consolidate requirements, set funding priorities and realign bogey dollars, as necessary. The final product flows through the ERC and the AFSPC Council for approval before sending to Air Staff.

4.1.1.2. Initial Distribution of Funds. The FP serves as the basis for initial distribution +/- Air Staff funding adjustments and fact of life changes occurring subsequent to FP preparation. Prior to the start of the new FY, the AFSPC Council approves all funding allocations and reprogramming. Any changes to the FP must be approved by the ERC and Council.

4.1.2. Other Procurement (3080). This appropriation provides for purchase of vehicles, electronic and telecommunications equipment, investment-type spares, and base maintenance and support equipment which exceeds established thresholds. The Chief, Financial Analysis Division



(FMA) is responsible for policy and propriety issues. The ERC and AFSPC Council maintain financial oversight.

4.1.3. Military Construction Program (MCP) (3300). Provides funding for major construction projects. AFSPC/CE is the contact point for MCP.

4.1.4. Military Family Housing (MFH). Funds the operation and maintenance of AFSPC MFH units. AFSPC/CE and AFSPC/FMA jointly administer the MFH program. A sub-element of this appropriation provides funding for the MFH construction program.

**4.2. Reprogramming of Funds.** Program element monitors (PEMs) have no reprogramming authority once funds have been distributed to units. Additionally, funds held in reserve for particular projects must either be distributed for the approved program or returned to FMA for re-distribution through the financial committee unfunded requirements process.

**4.3. Unfunded Requirements.** New tasks or efforts which arise during the execution year, as well as increases to programs in the approved financial plan, are submitted to the Directorate of the Comptroller for subsequent presentation to the ERC and AFSPC Council. Available funds will be applied to unfunded requirements based on priorities established by the Council. Organizations must develop budget execution plans on the assumption that no additional funds will be provided as the fiscal year progresses.

4.3.1. Contract Changes. Offices of primary responsibility (OPR) must exercise caution in making changes to statements of work (SOW). SOW changes are treated as priced options and considered as unfunded requirements. These requirements are reviewed by the Command's financial committees.

**4.4. Command Initiatives.** Command initiatives are requirements that have not been programmed through the program objective memorandum (POM) process and for which no funds have been provided in the Command's financial plan. These requirements compete with existing programs for funding and may take resources from approved, funded programs based on Command priorities.

**4.5. Coordination of Funding Transaction Documents.** Coordinate all AF Form 9, Request for Purchase; AF Form 185, Project Order; AF Form 616, Fund Cite Authorization (FCA); and DD Form 448, Military Interdepartmental Purchase Request, with the appropriate Financial Analysis Division analyst to ensure the requirement is an approved, funded item and that funds are available.

**4.6. Out-of-Cycle Funding Requests.** Funding for emergency out-of-cycle requirements are generated from base-level inputs or by the PEM through the appropriate Functional Directorate and/or Mission Team. Requests are approved by means of a staff summary sheet reviewed first by members of the ERC, coordinated by the members of the AFSPC Council, and approved by the Council's Chairperson or Vice-Chairperson.

**4.7. Other Program Information:**

4.7.1. Temporary Duty (TDY). HQ AFSPC adheres strictly to USAF TDY guidelines which state TDY travel is funded by the unit to which an individual is assigned. (Exception: The Inspector General (IG) funds TDY when other organizations or units are asked to provide augmentees to AFSPC IG teams.) In situations where individuals assigned to other major commands or HQ USAF are requested to assist an AFSPC organization, every effort is made to enforce USAF guidelines.

4.7.2. Technical Service Contracts (TSC) Requirements. TSC requirements include Advisory and Assistance Services (A&AS), contract engineering and technical services, technical services support and other contracts with command-level interest. TSC requirements are an important part of the Command's total financial program. These contract requirements must be reviewed and validated by the Modeling, Simulation, and Analysis Board, and be delivered to HQ AFSPC/LG for contracting action in sufficient time to be awarded and obligated in the current fiscal year. Reference guidelines established in AFI63-401AFSPC1, Contracted Advisory and Assistance Services (CAAS), 3 Jun 96 and AFSPCR400-5V1, Management of Contract Requirements for Operation Maintenance, and Support Services, 25 Sep 92.

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